

How to set your
prices profitably

Forging new frontiers
in large animal practice

1989's beat-the-clock
tax maneuvers

NOVEMBER 1989

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

1989 CONTINUING SURVEY RESULTS



THE LATEST IN VETERINARY
FEEES

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NOVEMBER 1989

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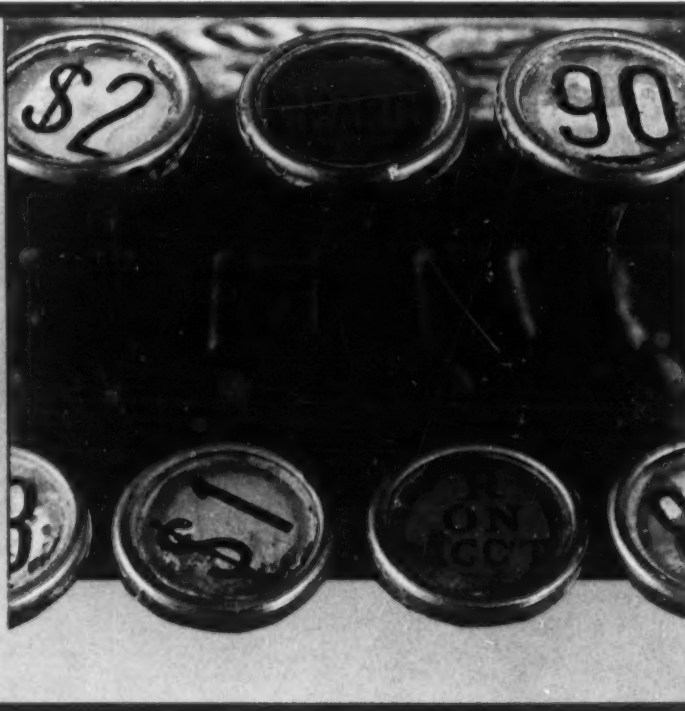
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MEMO FROM THE EDITOR

A fair price, a fair return

Will you lose clients if you raise your fees? Will you lose interest if you see that question one more time? What used to be a major concern for practitioners nationwide is apparently losing some of its steam: Fees are up nearly 16 percent this year for all veterinarians, perhaps because our consultants and your colleagues keep hammering away at the myth that you'll risk everything if you charge more.

This year, we've moved our fee articles out of the client arena and into the practicalities of running a business: How, exactly, do you set fees that offer not only a decent living for you and your staff, but a fair return on the considerable investment you've made in education, facilities, and equipment? We offer two methods here, each of which revolves around your most valuable practice asset: *your time*.

Of course, you can't remove clients from the equation all together. A reporter from MONEY magazine recently asked me about cost-effective veterinary care. What could he tell his readers about saving money when it comes to their pets? I'm afraid he had phone shopping in mind, but we talked about preventive medicine instead, and he seemed genuinely surprised by and interested in the concept. Sure it makes sense to prevent parvo or FUS before it becomes *really* expensive. Why hadn't he thought of that earlier? I suppose the answer is that his veterinarian had never explained preventive care.

In exchange for your higher prices, your clients will want value, service, convenience, and *information*. When you consider the benefits you and the pets you care for will reap, it's not a bad deal.

Becky Turner

Rebecca Turner

veterinary economics

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1989 CONTINUING SURVEY RESULTS THE LATEST IN VETERINARY FEES

Last year, we made the case for raising your fees; this year, they're up more than 15 percent. To continue the proactive mood, we present your current fees, plus two solid methods for setting fees in the 1990s.

By Catherine Lumetta

ASSOCIATE EDITOR

If the numbers tell the story, veterinarians are becoming more aggressive in setting their fees. According to our 1989 Continuing Survey, this year's median total average client transaction fee for all practitioners is \$40.80—up \$5.60, or 15.9 percent, from the 1988 figure. The jump is much bigger than we saw last year: Average client transaction fees climbed only 3.5 percent between 1987 and 1988.

In addition to fees for particular services, this year's survey asked practitioners to provide average transaction fees from clinical procedures and drugs; fees from mer-

chandised products; and the total of the two. You'll find a breakdown of the clinical-based *vs.* merchandised-based fees on page 26.

Regional increases in average client transaction fees reached as high as 25.4 percent in the Plains States, as indicated by the map on the opposite page. The Southwest showed the least increase with a 13.5-percent fee hike.

Average client transaction fees also rose across-the-board for all practitioner types, as follows:

- small animal fees—from \$35.60 in 1988 to \$40.90 in 1989;
- mixed animal fees—from \$30.20 to \$35.80;

- large animal fees—from \$29.20 to \$35.70;

- and equine fees—from \$52.30 to \$53.90.

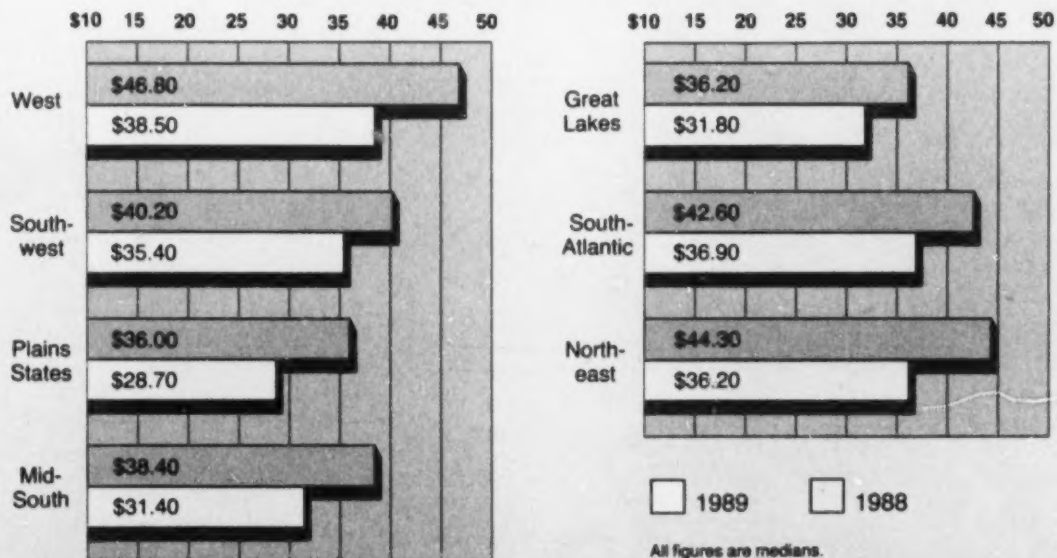
On page 26, you'll find the going rate for vaccinations. Mixed animal practitioners continue to charge the lowest vaccination fees across all species. Beginning on page 28, you'll find detailed breakdowns of specific fees, all organized by practitioner type. Our large base for small animal respondents allows us to present their fees by region.

The fees shown here offer trends and a basis for comparison, but as you'll see in the articles

COVER STORY

A REGIONAL LOOK AT AVERAGE CLIENT TRANSACTION FEES

The Plain States make the boldest strides
with a 25.4-percent increase.



Average client transaction fees shown here include charges for clinical procedures, drugs, and merchandised products.

WHAT BRINGS IN THE MONEY?

Practice type	Average client transaction fee for:	
	Clinical procedures and drugs	Merchandised products
All DVMs	\$35.50	\$10.40
Small animal	37.10	10.30
Mixed animal	30.00	8.80
Large animal	25.30	*
Equine	47.50	*

*Base insufficient

All figures are medians.

MIXED PRACTITIONERS CHARGE LOWEST VACCINATION FEES

	Dog ¹	Cat ²	Horse ³	Livestock ⁴
Small animal	\$26.50	\$22.60	—	—
	26.10	26.20	—	—
Large animal	—	—	—	\$5.10
	—	—	—	3.70
Mixed animal	23.10	18.50	\$18.60	4.90
	23.00	18.10	16.80	5.40
Equine	—	—	25.80	—
	—	—	25.20	—



¹Rabies, DHL, parvovirus

²Rabies, panleukopenia, upper respiratory virus

³Tetanus, sleeping sickness, equine rhinopneumonitis

⁴All normal shots

All figures are medians.

that follow, your own fees are best set based on your own circumstances. The fee-setting methods offered here are based on the premise that, besides earning a living, you should get a fair return on your total investment, and that your costs should be fairly allocated to your clients.

On page 36, economic consultant Michael J. Strausser shows how to determine what your time and investment are worth on an hourly basis—and how that figure translates into a fee schedule for all of the procedures you perform and services you offer in your practice.

On page 42, Sidney J. Baxendale and K. Jack Easley, DVM, describe a computerized planning model for systematically linking your fees to a desired practice income. With such a model, you can set up "if-then" situations: What will happen to your income if you adjust some of your fees?

A well-thought-out fee schedule takes time, effort, and perhaps a consultation with your practice accountant or advisor. Your fees are the stanchions of your practice and should not be ignored lest they fall apart—and take your practice with them. ►

All figures in this article are medians. Research by Medical Economics Co. Inc. Research Group for VETERINARY ECONOMICS. This article is © 1989 and published by Veterinary Medicine Publishing Co. Inc. in Lenexa, KS 66215. All rights reserved. This article may not be reproduced or paraphrased in whole or in part in any manner without written permission. Limited quotations, if properly referenced, are acceptable.

Correction: In last month's report on earnings, the chart on page 45 shows the number of active clients per clinic, not per practitioner.

FEES

SMALL ANIMAL PRACTITIONERS' FEES

	Northeast	South	Midwest	West
Total average client transaction fee* ¹	\$44.30	\$40.50	\$36.10	\$46.80
Office call (Includes exam)*	20.30	15.70	14.70	18.80
Lab analysis				
Urinalysis	10.90	10.30	10.60	14.40
Fecal*	7.50	6.70	6.30	9.10
Serum chemistry profile*	25.60	25.60	25.60	35.50
CBC*	15.30	14.40	12.90	15.90
Heartworm test	12.50	9.90	11.50	15.70
Feline leukemia test	20.00	18.40	18.20	18.00
Fee for procaine penicillin G injection (20-lb dog)	7.10	8.20	7.10	10.30
Hospitalization (Including daily exam and boarding):				
Under 20 lbs	16.40	11.70	11.20	16.80
20-49 lbs	17.40	13.20	12.40	17.60
50 lbs or more	18.10	15.20	13.90	18.70
Daily boarding, small dog	8.70	6.60	6.50	7.60
Daily boarding, large dog	10.40	8.40	8.40	9.30
Ovariohysterectomy (Inc. anesthesia and hosp.)				
Under 20 lbs	70.30	60.60	65.30	60.40
20-49 lbs	78.60	69.10	71.40	68.00
50 lbs or more	89.30	79.70	80.10	79.20
Diagnostic X-ray series (including sedation)				
2 or fewer films	45.80	40.10	38.00	50.10
3-6 films	65.50	61.00	60.00	72.20
More than 6 films	99.30	84.60	80.60	98.90
Procedures/treatments				
Heartworm treatment	208.00	154.90	156.20	201.90
Dental scaling (dog, no extractions)	50.80	40.40	45.10	51.50
Flea allergy dermatitis therapy	38.00	30.00	31.70	40.30
Deworm 20-lb dog	15.60	10.40	10.70	14.20
Treat cat-bite abscess	61.00	36.87	38.72	73.04
External otitis (dog) therapy	35.30	30.30	30.50	40.80
Suture 2-in. skin laceration	61.00	44.33	47.67	63.63

*Base = All respondents All figures are medians.

¹Includes clinical procedures, drugs, and merchandised products.

FEES

MIXED ANIMAL PRACTITIONERS' FEES

Total average client transaction fee¹	\$35.80	Hospitalization (including daily exam and boarding):	
Office call (Includes exam)	13.60	Under 20 lbs	\$8.20
Lab analysis:		20-49 lbs	9.00
Urinalysis	8.90	50 lbs or more	9.60
Fecal	5.80	Equine	10.70
Serum chemistry profile	22.90	Daily boarding, small dog	5.50
CBC	11.50	Daily boarding, large dog	6.70
Heartworm test	10.20	Ovariectomy (inc. anesthesia and hosp.):	
Feline leukemia test	14.40	Under 20 lbs	55.30
Farm call:		20-49 lbs	61.20
Mileage charge (cents per mile)	.90	50 lbs or more	68.10
Exam charge per animal	10.30	Diagnostic X-ray series (including sedation):	
Average total charge per animal	33.30	2 or fewer films	32.70
Average antibiotic injection fee	5.70	3-6 films	50.80
		More than 6 films	73.70

All figures are medians.

¹Includes clinical procedures, drugs, and merchandised products.

FEES

LARGE ANIMAL PRACTITIONERS' FEES

Total average client transaction fee ¹	\$35.70	Procedures and treatments:	
Office call (includes exam)	10.20	Footrot treatment	\$ 15.10
Lab analysis:		Mastitis treatment	20.30
Fecal	5.30	Breeding soundness exam	3.50
Serum chemistry profile	18.50	Remove retained placenta	13.70
CBC	10.50	Uterine prolapse repair	35.70
Farm call:		Calf scours treatment	10.60
Mileage charge (cents per mile)	.90	Dehorning	3.20
Exam charge per animal	8.10	Deworming (one time) paste	8.10
Average total charge per animal	25.40	Deworming (one time) tube	13.00
Consultation fee	41.00	Laparotomy	74.30
		Castration	3.20
		Rumenotomy	80.50
		C-section	104.80
		Dystocia treatment	35.60
		Milk fever treatment	20.60
		Metritis treatment	12.90
		Rectal palpation	2.70

All figures are medians. ¹Includes clinical procedures, drugs, and merchandised products.

FEES

EQUINE PRACTITIONERS' FEES

Total average client transaction fee ¹	\$53.90	Diagnostic tests:	
Office call (includes exam)	18.90	Lameness exam	\$25.60
Lab analysis:		Abdominal tap	25.60
Coggins test	15.90	Nerve block	15.80
Fecal	6.80	Stomach tube	15.70
Serum chemistry profile	25.80	Procedures and treatments:	
CBC	15.50	Deworming (one time) paste	11.70
Ig G transfer	18.20	Deworming (one time) tube	16.80
Farm call:		Castration	76.00
Mileage charge (cents per mile)	.90	Cryptorchidectomy	250.50
Exam charge per animal	15.50	Float teeth	20.70
Average total charge per animal	46.10	Laminitis treatment	74.60
Radiography:		Suture skin laceration	41.00
Two views	30.50	Intensive neonatal care (one-day)	200.00
Navicular series	50.20	Medical treatment for colic	59.10
Carpal series	60.20		
Hospitalization (including daily exam and boarding)	16.60		
Fertility workup (female)	67.50		
Breeding soundness exam (male)	81.90		

All figures are medians.

¹Includes clinical procedures, drugs, and merchandised products.